			2 July 1953	2 July 1953	
a. <u>1</u> .					
			Copy No. 98		
	CURRENT INT	ELLIGENCE RI	EVIEW		
***					
		į.			
	en in the state of				
*				I	
i e			± ± ± ± ± ± ± ± ± ± ± ± ± ± ± ± ± ± ±		
	Office of Co.	unant Tutalliman			
a 4 .	Office of Cu.	rrent Intelligen	se	3	
	CENTRAL INTE	LLIGENCE AG	ENCY		
± **				1.0	
·					

## TOP SECRET

## DE GASPERI MUST CHOOSE BETWEEN RIGHT OR LEFT TO FORM A NEW GOVERNMENT

The Italian Christian Democrats face the problem of collaborating with either the right or the left to achieve the coalition they need to form a new government when parliament reconvenes this fall. The De Gasperi coalition cabinet resigned on 29 June and then received parliamentary authorization to function as a provisional administration through 31 August.

A further move to the right by the government in the fall would probably widen the social and economic cleavage indicated in the results of the 7-8 June national elections. This would tend to precipitate serious labor disturbances and could weaken Italy's capacity to contribute to Western European defense.

Strong pressure is being exerted on De Gasperi to ally his Christian Democratic Party with the Monarchists. Agitation is also afoot to replace him, should he reject such an alliance, with Piccioni, a right-wing Christian Democrat who was De Gasperi's vice premier. A Christian Democratic-Monarchist alliance would almost inevitably open the way to neo-Fascist participation in government policy. The Monarchists and neo-Fascists are closely associated, and for the 1951-52 local elections were electorally linked in many districts.

The impressive leftist gains in the recent elections have indicated a widespread desire not for Communism, but for a Socialist alternative to both Communism and neo-Fascism. Labor, for instance, was overwhelmingly against the Christian Democrats because of the De Gasperi government's half-hearted and belated moves to fulfill its promises for social reforms. The formation of a government including the rightists, who oppose these promises, could be expected to provoke aggressive labor reaction.

## TOP SECRET

Both American and Italian observers have pointed out that the two strongest elements of Italian life are catholicism and socialism, and that a stable government must represent not only the 40.7 percent who voted for the Christian Democrats, but also the 41.3 percent who voted for social reform.

In order to avoid being driven into a rightist alliance, De Gasperi wishes to retain the support of the Democratic Socialists, who quit the cabinet in 1950 because of right-wing Christian Democratic domination but nevertheless continued to back the government in parliament. Because the party was almost demolished in the last election as a result of its association with the Christian Democrats and the unpopular electoral law, party leaders are loath to continue this support unless the government is broadened to include the other socialist parties, particularly the Nenni Socialists. Democratic Socialist leader Saragat is apparently determined not to support a rightist government, and should one be formed, De Gasperi would probably be deprived of his last element of moderate leftist support.

Since the election, the Nenni Socialists have offered to support the Christian Democrats and to participate in a De Gasperi government. Although Nenni has not indicated any intention to relax his party's opposition to Western European integration programs.